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Wednesday, February 11, 1959

Sunny. Freezing.

I met with members of the Economic Section. They reported a small deterioration, as contrasted with the pre-Khrushchev-threat-to-Berlin, in bank deposits and other indices of economic activity in West Berlin. Oddly enough, the warehousing and trucking companies have said there has been no increase in the normal rate of shipments of household furnishings to the West. The East Mark has gained about 15% in exchange value against the West Mark, probably due to the withdrawal by inhabitants of the East Zone of balances held in their West Berlin accounts. The rate of investment in new enterprises remains constant. However, Berlin stock exchange prices have fallen 15%, while those in the West have slightly increased since the end of November. Altogether, the attitude of the Berliners to date is a demonstration of their toughness and determination to carry on business as usual, relying on Uncle Sam to protect their freedom. If we should weaken, I surmise there would be a frightening exodus from this city.

We lunched pleasantly at the Findley Burns house, where Jody has already made herself thoroughly at home.

John Rich spent an hour with me this afternoon, as later did Sydney Gruson. I enjoy immensely talking to these well-informed

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